

# MAPS Core Balanced Portfolio

The Morgan Stanley Wealth Management MAPS (Multi-Asset Portfolio Solutions) Core Balanced Portfolio is an actively-managed diversified portfolio that invests in a broad range of managed funds and exchange traded funds.

## Who is this portfolio suitable for?

Morgan Stanley Wealth Management Australia has designed this portfolio to be suitable for investors who have a balanced risk profile and are looking for a portfolio with a mix of growth and defensive assets (see Risks section on page 5). It is suitable for investors who can withstand some fluctuation in prices but would also like some downside protection. The portfolio has a core strategic asset allocation range of 48%-72% in growth assets and 28%-52% in defensive assets.

## Track record

Note: The MAPS Core Balanced Portfolio is based on the Core Balanced model published by the Morgan Stanley Wealth Management Research team. Past performance may not be indicative of future results.



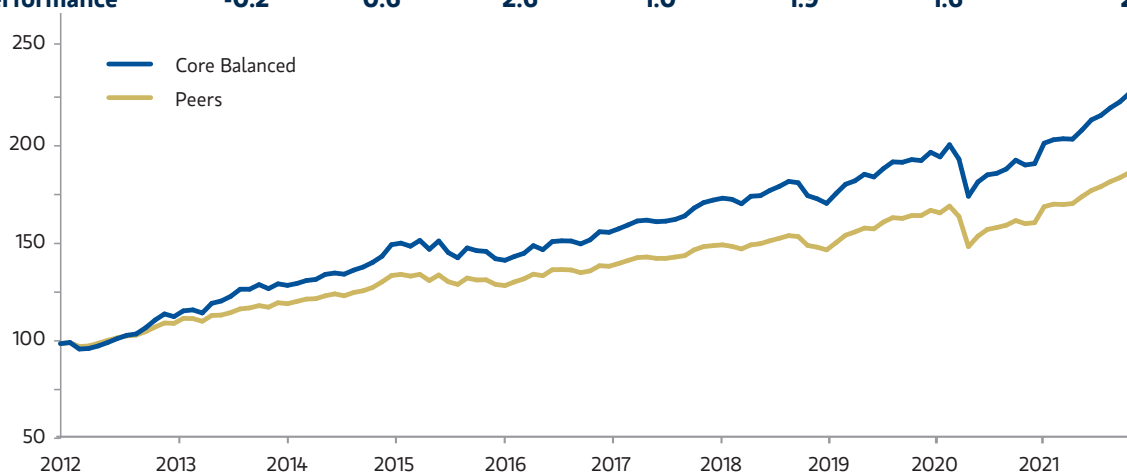
IMAP  
MANAGED ACCOUNT  
AWARD WINNER  
LICENSEE MANAGED  
ACCOUNT



IMAP  
MANAGED ACCOUNT  
AWARD WINNER  
MULTI ASSET

Morgan Stanley Wealth Management was a winner in the Licensee and Multi Asset categories in the 2021 IMAP Managed Account Awards.

As at 30 September 2021 <sup>1</sup>	1 Month	3 Month	1 Year	3 Year (pa)	5 Year (pa)	7 Year (pa)	Inception (18 April 2012) (pa)
<b>Core Balanced</b>	-1.5	1.8	17.5	7.3	8.1	7.5	9.0
<b>Peers</b>	-1.4	1.2	14.9	6.3	6.2	6.0	6.9
<b>Outperformance</b>	<b>-0.2</b>	<b>0.6</b>	<b>2.6</b>	<b>1.0</b>	<b>1.9</b>	<b>1.6</b>	<b>2.1</b>



<sup>1</sup> Rounded to one decimal point

Source: Morningstar, Morgan Stanley Wealth Management Research. Results shown represent total return (including dividends). Past performance is no guarantee of future results. The portfolio is hypothetical and does not include actual trades; results do not include transaction costs/fees. Return data from 18 April 2012 to 30 September 2021. Morningstar Category Average ("peers") is the Morningstar Australia Fund Multisector Balanced Category Average. Performance is net of ICRs (indirect cost ratio).

## Market Commentary

After eleven sequential months of outperformance, the S&P/ASX 200 index closed 1.9% (TR) lower in September at 7332 points, although YTD performance remains strong at ~15%. Resources performance was split, with Energy the best-performing sector (+16.7%), whilst Materials (-9.3%) fell the most. On the attribution front, Financials (+46bp) and Energy (+46bp) were the largest contributors to the overall returns for the month, whilst value was lost through Materials (-173bp).

September also saw negative total returns across major equity regions of around 3-5%, with Japan the only major region with a positive total return (4.3%). Energy was the only global equity sector with positive returns (9.1%). Total returns were also negative within Developed Market (DM) rates while Credit outperformed. US Investment Grade and High Yield excess returns were up 26bp and 53bp, respectively. The US dollar appreciated against major DM and Emerging Market currencies. Natural gas had a particularly strong month (+33.2%), while iron ore had the third-worst MoM performance in history (-16.4%).

US Non-farm payrolls rose 194,000 in September, following an upwardly revised 366,000 increase in August (net two month back revisions were +169,000). This marked a disappointingly low non-farm payrolls gain in September, but the report was not without some bright spots – strong wages, an increase in the average work week, some solid sector level details, and a solid household survey employment gain.

The yield on the benchmark 10-year US Treasury increased from 1.3% at the end of August to 1.5% at month-end. However, both the Bloomberg Barclays Global Aggregate (Total Return, USD) and the Bloomberg AusBond Composite (Total Return, USD) were down 1.8% and 1.5% respectively.

Source: MSWM Research; Morgan Stanley Research

### September index returns



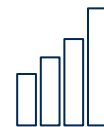
**S&P/ASX 200**  
(Total Return, AUD)

↓1.90%



**Bloomberg Barclays  
Global Aggregate**  
(Total Return, USD)

↓1.80%



**Bloomberg AusBond  
Composite**  
(Total Return, USD)

↓1.50%

## Investment strategy

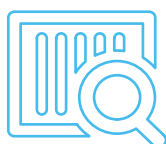
The MAPS Core Balanced Portfolio draws from Morgan Stanley's leading insights and specifically aligns to the needs of investors with a balanced risk profile. It is designed to capture value at several points in the investment process; asset allocation, active-passive strategy mix, manager selection, portfolio construction and risk management.

The portfolio seeks out the highest quality ETFs and managed funds.

## Benefits



Optimised active-passive mix



Award winning research capability



Broad universe of listed ETFs and managed funds



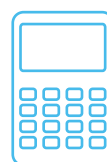
Broad diversification



Lower volatility



Active risk management



Full performance and tax reporting



Access to national presentations

## Investment guidelines

Asset allocation ranges (as at 3 August 2021)	Min %	Target %	Max %
Australian equities	22%	32%	42%
Australian fixed interest	15%	25%	35%
International equities	14%	24%	34%
International fixed interest	2%	12%	22%
Listed property	0%	4%	14%
Cash	0%	3%	20%

## Key information

**Date of inception:** 29 September 2020

**Minimum investment:** \$25,000

**Model portfolio fee:** 0.275% pa (GST included), which is retained by Morgan Stanley Wealth Management.

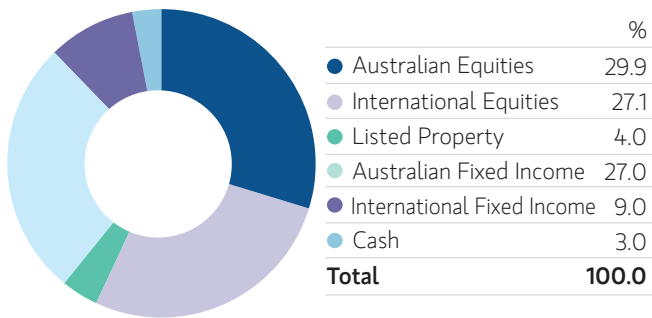
**Typical number of holdings:** The portfolio will typically hold up to 35 underlying assets.

**Estimated management expense ratio (MER):** less than 0.45% pa (This is an estimate of the current MER for the underlying assets. These are reflected in the unit price of the underlying securities and are not charged to you as a fee or retained by Morgan Stanley Wealth Management.)

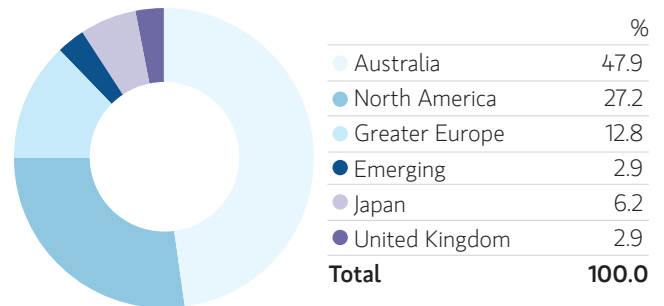
## Investment team

The portfolio is managed by the Morgan Stanley Wealth Management Investment Solutions team. The Investment Solutions team draws on the global resources of Morgan Stanley and also leverages the asset allocation insights from the Morgan Stanley Wealth Management Research team.

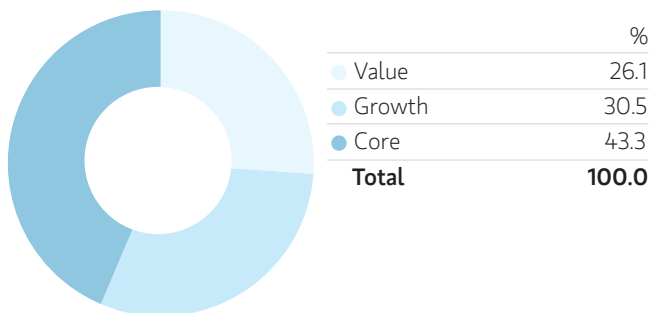
## Asset Allocation Breakdown (AUS)



## Equity Regional Exposure



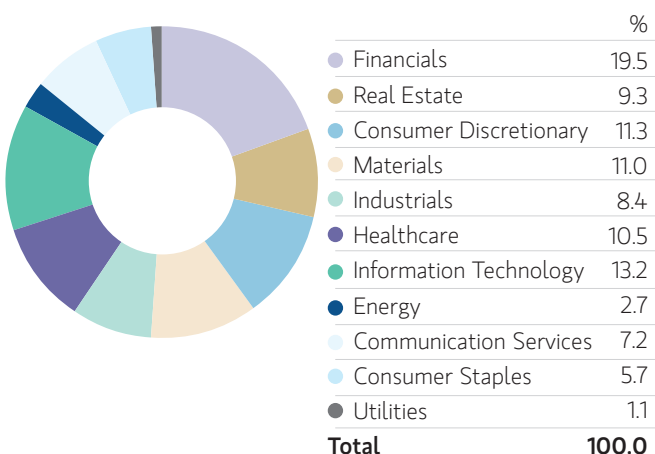
## Equity Style Allocation



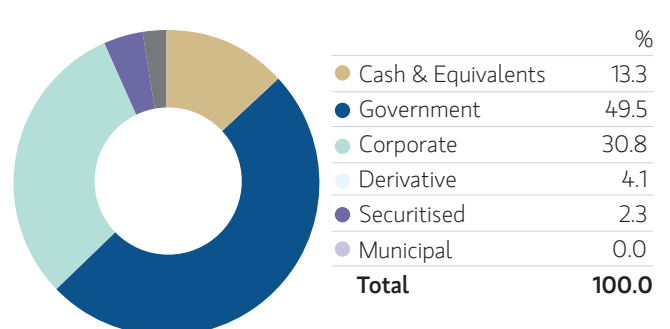
## Top Holdings

	Portfolio Weighting %
BetaShares Australia 200 ETF	14.2
Vanguard Australian Government Bond ETF	11.4
Pendal Focus Australian Share	7.5
Betashares Aust Mjr Bnk Hyb Idx ETF	6.1
Pendal Sustainable Aust Fixed Interest	5.5

## Equity Sectors (GICS)



## Fixed Income Sector



Source: Morningstar, Morgan Stanley Wealth Management Research.  
 Allocations based on the Core Balanced Portfolio as at 30 September 2021.

## Benchmark

The Investment Solutions team sets the benchmark for the MAPS Core Balanced Portfolio by referring to analysis generated by the Wealth Management Research team.

The portfolio has a dual benchmark. A real return benchmark (i.e. targeting a premium over inflation) with an appropriate indicative time horizon for realisation; and a relative return objective, allowing investors to measure portfolio performance against the median comparable multi-asset portfolio in Australia.

Portfolio Risk Profile	Real Return Objective	Relative Return Objective
Conservative	CPI + 2.0%	Morningstar Australia Fund Multisector Conservative Category Average
Balanced	CPI + 3.0%	Morningstar Australia Fund Multisector Balanced Category Average
Growth	CPI + 4.5%	Morningstar Australia Fund Multisector Aggressive Category Average

## Risks

Investors should note that an investment in the portfolio through Morgan Stanley's Separately Managed Account (SMA) involves risk, including:

**Market risk** - The risk associated with factors that can influence the direction and volatility of an overall market, or security-specific risks. These factors can affect one country or a number of countries.

**International investments risk** - The risk arising from political and economic uncertainties, interest rate movements and differences in regulatory supervision associated with international investments.

**Currency risk** - Currency exchange rate fluctuation risk arising from investing across multiple countries.

**Interest rate risk** - The risk arising from movements in interest rates which may cause the price of securities within the portfolio to fluctuate.

**Credit risk** - The risk of an issuing entity defaulting on its obligation to pay interest/principal when due.

**Liquidity risk** - The risk that an asset may not be converted to cash in a timely manner.

**Counterparty risk** - The risk of another party to a transaction failing to meet its obligations.

**Leverage risk** - Where underlying investments contain leverage, the movement in market prices may magnify the gains or losses within the portfolio. This may result in a loss of capital.

Investors should consider the relevant product disclosure statement or offer document (where available) for other risks that may apply.

[www.morganstanley.com.au](http://www.morganstanley.com.au)

### Important Information

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